**14.04 $\frac{1}{2}$ hrs.**

STANDING COMMITTEE ON COMMUNICATIONS
FIRST, SECOND AND THIRD REPORTS

*[English]*

SHRI SOMNATH CHATTERJEE (BOLPUR) : Sir, I beg to present the following Reports (Hindi and English versions) of the Standing Committee on Communications :

(1) First Report on Demands for Grants (1996-97) of Department of Post (Ministry of Communications)

(2) Second Report on Demands for Grants (1996-97) of Department of Telecommunications (Ministry of Communications).

(3) Third Report on Demands for Grants (1996-97) of the Minisry of Information and Broadcasting

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*(Interruptions)*

**14.05 hrs.**

STANDING COMMITTEE ON ENERGY
FIRST, SECOND, THIRD AND FOURTH REPORTS

*[English]*

SHRI SRIBALLAV PANIGRAHI (DEOGARH) : Sir, I beg to present the following Reports (Hindi and English versions) of the Standing Committee on Energy

(1) First Report on Demands for Grants (1996-97) of the Department of Atomic Energy.

(2) Second Report on Demands for Grans (1996-97) of the Ministry of Coal.

(3) Third Report on Demands for Grants (1996-97) of the Minisry of Non-Conventional Energy Sources.

(4) Fourth Report on Demands for Grants (1996-97) of the Ministry of Power.

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**14.5$\frac{1}{2}$hrs.**

STANDING COMMITTEE ON SCIENCE AND TECHNOLOGY, ENVIRONMENT AND FORESTS
THIRTY-FIFTH REPORT

*[English]*

PROF. R.R. PRAMANIK (MATHURAPUR) : Sir, I beg to lay on the Table a copy (Hindi and English versions) of the Thirty-fifth Report of the Standing Committee on Science and Technology, Environment and Forests on the Demands for Grants (1996-97) of the Department of Ocean Development.

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**14.06 hrs.**

[English]

STATEMENT BY MINISTER
Modvat Scheme

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : Sir, as part of my Budget proposals I had announced the introduction of modvat scheme for textile fabrics. I am convinced that this step would bring the textiles in the mainstream of a tax systematic which tends to reduce, if not eliminate altogether, the cascading affect of the input taxes. This would also enable the composite mills and the processing houses the modernize and to produce high quality fabrics which would have a positive impact on exports of textiles and garments ...*(Interruptions)*

**14.07 hrs.**

*At this stage, Shri Ram Nagina Mishra and some other Hon. Members came and Stood on the Floor near the Table*

SHRI P. CHIDAMBARAM : In the Budget proposals, I had proposed the independent processors would be required to pay basic excise duty at the rate of five per cent for cotton fabrics upto Rs. 25/- per sq. meter and at the rate of 10 per cent on all other fabrics. I had also proposed that they would get modvat credit on the basis of 50 per cent of the duty paid.

While the introduction of modvat scheme has been widely welcomed, I have received a number of suggestions from many Hon. Members of Parliament as also from trade and industry. I have given my earnest consideration to these suggestions and I propose to announce some changes in deference to their wishes.

Composite mills who undertake the process of spinning, weaving and processing all under one roof shall now be eligible to avail of actual duty paid on all their inputs, including bought out fibres and yarns.

I propose to raise the cut off point for cotton fabrics from Rs. 25/- to Rs. 30/- per sq. meter. Cotton fabrics upto a value of Rs. 30/- per sq. meter will be charged to basic excise duty at the rate of five per cent and the additional excise duty in lieu of sales tax also at the rate of five per cent. Cotton fabrics of a value exceeding Rs. 30/- per sq. meter will be charged to basic excise duty at the rate of 12 per cent and additional excise duty at the rate of eight per cent.

All other fabrics would be subject to basic excise duty at the rate of 12 per cent and the additional excise duty in lieu of sales tax at the rate of eight per cent.

I also propose to retain the modvat credit in respect of cotton fabrics at the rate of 50 per cent of the duty paid. However, I propose to increase this percentage to 70 per cent in the case of all other fabrics. The notional credit at these percentages would also include the notional credit on account of dyes, chemicals, packaging materials and consumables, apart from yarn.

These changes would come into force with effect from 4th September, 1996.

Copies of the notifications issued to give affect to these changes will be laid on the Table of the House in due course. *...(interruptions)*

MR. DEPUTY SPEAKER : The House now stands adjourned to meet again towmorrow at 11.A.M.

**14.08 hrs.**

*The Lok Sabha then adjourned till Eleven of the Clock on Wednesday, September 4, 1996/Bhadra 13, 1918 (Saka).*